

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4067-01
Bill No.: HB 1556
Subject: Banks and Financial Institutions: Corporations; Revenue Dept; Taxation and
Revenue - General; Taxation and Revenue - Income
Type: Original
Date: February 18, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)
Total Estimated Net Effect on <u>All</u> State Funds*	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

* Expected to exceed \$100,000

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance** indicated that this proposed legislation will have no fiscal impact on their agencies.

Officials from the **Public School Retirement System of Missouri** and the **Non-Teacher School Employee Retirement Systems of Missouri** state that this proposed legislation does not appear to fiscally impact either agency.

Officials from **Missouri State Employees Retirement System** state that this proposal does not affect their agency.

Officials from the **Department of Economic Development - Division of Finance** and **Division of Credit Unions** state that this proposal would impose no new duties on the their agencies; therefore, there would be no fiscal impact.

Officials from the **Department of Revenue - Division of Taxation and Collections (DOR)** state that there are currently approximately 20 corporations that qualify for the special apportionment. DOR is unable to determine the new corporations that would qualify as a result of the proposed change; therefore do not have an estimate of impact of the proposed legislation. DOR officials further state that the department does not have the data to estimate the general revenue impact, but estimate the legislation, as written would decrease state revenues in excess of \$100,000.

Officials from the **Office of Administration - Division of Budget and Planning** indicated there would be no additional costs or savings to the Office of Administration. BAP officials do estimate the proposal could decrease state revenues.

Officials from the **County Employees' Retirement System (CERF)** stated that while it is unknown whether the proposed legislation will generate costs for CERF, it is possible that the impositions of Missouri state income taxes on separately managed investment accounts may result in the taxes being passed on to CERF through additional fees from investment advisors and consultants.

Oversight assumes that based in information from Department of Revenue and Office of Administration - Division of Budget and Planning, the legislation as written would not result in increased taxes therefore no increased fees would result.

FISCAL IMPACT - State Government

FY 2003
(10 Mo.)

FY 2004

FY 2005

GENERAL REVENUE

Loss - Reduction in Corporate Income
Tax Paid*

(UNKNOWN)

(UNKNOWN)

(UNKNOWN)

***Expected to exceed \$100,000**

FISCAL IMPACT - Local Government

FY 2003
(10 Mo.)

FY 2004

FY 2005

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small business could be impacted due to possible change in corporate income tax.

DESCRIPTION

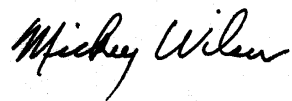
This proposed legislation expands the formula for determining Missouri corporate income tax liability to allow corporations to apportion income among the various states in which they operate and generate income. Income from separately managed accounts offered by investment funds service corporations headquartered in Missouri after January 1, 2002, would be allowed to be apportioned.

“Separately managed account” is defined as a discretionary advisory account held by certain institutional investors pursuant to an investment advisory contract.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance
County Employees' Retirement System
Public School Retirement System of Missouri
Non-Teacher School Employee Retirement System of Missouri
Department of Revenue
Division of Taxation and Collections
Office of Administration
Budget and Planning
Missouri State Employees Retirement System
Department of Economic Development
Division of Finance
Division of Credit Unions



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